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During my conversation with Khrushchev on January 21 he expressed sympathy for difficulties I had faced in Moscow which he attributed to uneven policy U.S. Government past eight years. After his expressing his usual opinions on Eisenhower and Dulles, I said I had become convinced I had been a poor Ambassador as there was clearly wide misunderstanding on both sides, but particularly Soviet. I referred to his January 6 speech and said I thought major part of difficulty was that Soviets interpreted everything in terms of class struggle and saw the world only through Marxist eyes. I said Soviets seemed to think we were concerned about Communism as an economic system. This was not the case. Many Americans thought of Soviet Union in terms of worst days of Stalin whereas Soviets thought of the West as in the days of Marx. There have been changes on both sides, but their margin of error was greater. What worried the West was not economic and social organization, but concern that Soviet Union itself desired to dominate the world with Communism as means to this end. We believed every country should decide its own system and if they freely decided on Socialism or Communism that was all right, but once a country became a member of the Communist Bloc the whole power of the bloc was used to keep it Communist regardless of the wishes of the people and I cited Hungary. If this sort of thing went on, of course eventually the world would become Communist.

Khrushchev said idea Soviets desire to dominate world neither correct nor possible. He cited Soviet initiative in changing designation of Soviet Union as leader of Communist bloc. There was no leader and each party equal. I read quotation from his speech that Soviet Union would do everything to maintain unity of Socialist bloc and asked if everything included use of force. Khrushchev said this passage referred solely to ideological questions. He said Westerners were always talking about China, implying that this could be exploited against the USSR. While he said nothing further about China specifically, he said what he really meant by stating that everything must be sacrificed for bloc unity was that communist countries must make mutual concessions in order to preserve the strength of the bloc. At this point he launched into the discussion reported mytel 1708. In discussing the US role as "international gendarme," he ridiculed US fear of communist agents implying

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E.O. 11652, Sec. 1.4 and 1.5 (a) and (b)

State 10/8/78 ALR-75-36
By SPED NARS, Date 10-24-75

1096 m. Bundy

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that we looked for danger to ourselves in the wrong places. As an example he cited Western charges that Lenin was a German agent. He also mentioned Iran and said that Shah was not really afraid of a Soviet attack, but of Iraq and its example to his own people.

Khrushchev suggested consider disband all blocs and they would pull their troops out of countries of Eastern Europe. I replied they would still have a monolithic system and I could not believe the contrary until some country which had become Communist was allowed to change its system. I said I believed the Soviet people in general supported the system here, but this was not true of most other Communist countries. Khrushchev observed that Hitler had counted on the people turning against the regime when he invaded the Soviet Union, but they had been wrong. I said that there had been serious disaffection in the early days and Molotov himself had told us of his concern about it, but Hitler had helped them out by insisting upon mistreating the population and maintaining the Germans were the master race. Khrushchev responded that Hitler was a fool and that if he had been wise he would not have been Hitler, but Stalin.

Referring to our earlier discussion, I said the Soviets misunderstood the economic system of the United States and I described the workings of our laws against monopolies and the functions of the regulatory agencies in the United States. As an example of how this system works, I cited the case of the International Business Machines Company which had been forced by the Government to make a large number of its patents available to other companies. I reminded him of his visit to one of this company's factories near San Francisco. I said that they should operate on the basis of fact and urged that they have their people study how our system really worked. I said it had its weaknesses, but it did not justify their interpretation that everything could be explained by exploited and exploited.

Khrushchev referred to their action in widening contacts with America and observed that the system was going well, but said he thought trade should be developed and this in turn would improve political relations. He said the State Department and his friend Mr. Dillon who is now Secretary of the Treasury, were opposed to this view. He said it was the U.S. which suffered from this attitude and they were having good trade relations with the companies in West Germany, the U.K., France, and others.

I said I had never understood why they had agreed to negotiate about a lend lease settlement knowing that the position they were taking was unacceptable to us. Khrushchev merely repeated the usual Soviet arguments on this subject, but ended by saying perhaps we could freeze this question and trade in the meantime. He also reported the apparent misunderstanding which Mikoyan had of his conversation with Mr. Dillon when he asserted that Dillon had said the United States would supply credits if a lend lease agreement were reached. I said I had been present at the conversation and had heard no such statement.

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Khrushchev said there were many problems for the new administration regarding the USSR and that not everything could be done at once but we could make good. beginning with main subject discussed that morning.

Several times in the conversation, which was already long, both he and I agreed not to go deeply into the subjects discussed, but he suggested that we might one day have a long talk at his dacha.

Khrushchev asked if I would remain as Ambassador. I said I had no information other than press reports and expected none for several days. He said with a smile they would gladly give me their vote but he was not sure this would be helpful. I replied I also had some doubts. I said if I did remain I assumed I would be returning to Washington before long for consultation. Khrushchev asked me to give his regards to the President, Stevenson, and others whom he had met.

Khrushchev seemed reasonably well but there were some signs that he had felt the strain of the long debates in the Central Committee Plenum.

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